



# Portfolio News

A quarterly update from Cambridge Capital Management Corp.™  
professional manager of non-traditional financing sources

Cambridge Capital  
Management Corp.

Third Quarter 2017

## A half-billion dollars and counting

The need for small business financing in Indiana was clear in 1983 at the beginning of Indiana Statewide Certified Development Corporation. Commercial lenders had a long history of funding medium-sized and large firms. Small companies and startups generally had to struggle raising cash; often relying on personal savings and family assistance.

Congress created the SBA 504 program and, Indiana Statewide CDC was quickly certified by the SBA to deliver the loans. We have funded many companies that have passed their own milestones. Nielsen Auto Group in Michigan City who we funded in the early 80's is still growing and thriving today as is ProMark Campbell Screen Printing in Evansville. Both of these firms have been in business for many years.

We have partnered with local lenders to provide SBA 504 loans to more than 1,200 Indiana small companies. We reached a mile-marker this summer by issuing a loan that brings our total investment to a half-billion dollars (\$500 million)!

We could not have done it without our partners — you in Indiana's local banking

industry. The lenders' portion and borrowers' down payments, when added to our half-billion dollars, have created loan packages totaling \$1.25 billion! ALL of those dollars helped Indiana small businesses grow. More than 15,000 jobs exist because of these Hoosier loans.

Our staff enjoys hearing from a borrower who calls or sends an email with thanks for their help. Jeff and Cindy Cregar of Richmond, for example. They just opened their third Milk House food store in Richmond all three with Indiana Statewide CDC and First Merchants Bank. Jeff says **"There is a lot to like about the SBA 504 loan option. We are able to get a relatively low interest rate, and that rate is fixed so there are no worries about the loan payment rising during periods of possible rate increases like the one that currently exists."**

Another recent borrower, Cory Gliege, bought a larger building for his True North Landscaping company near downtown Indianapolis, working with Wayne Bank & Trust and Indiana Statewide CDC. He says simply, **"I have nothing but good things to say about our experience with the SBA 504 loan."**

Multiply Jeff and Cory's comments by several hundred and you get an idea the difference SBA 504 financing makes in our communities. Hopefully, many of your borrowers have told you the same thing.

As we move forward, we refer to our \$500 million and the total packages of \$1.25 billion as "mile-markers." They mark the progress we've made together. We have already surpassed those totals and look forward to helping grow small Indiana companies for a long time to come. We hope to work with you every step of the way!



## Indiana Statewide Certified Development Corporation

The "effective" interest rates include the monthly amortization of the notes and the monthly payment of servicing fees.

### Effective Interest Rate

2017	10-yr.	20-yr.
July	4.49	4.76
August	—	4.54
September	4.15	4.38



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# Indiana Statewide Certified Development Corp.



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It was a successful first five years for the Columbus Massage Center and Salon. So much so that owner Dana Greathouse needed even more space than she had in her two locations. So, she obtained SBA 504 financing from German American Bank and Indiana Statewide CDC to buy real estate and remodel and equip the building.

Her new Columbus Massage Center & Salon has been open nearly a year, combining the staffs of the two previous studios. There are ten massage therapists, three estheticians, two nail technicians and six hair stylists (and looking for two more hair stylists). They offer many types of massage to relax and rejuvenate muscles and restore balance, and services for hair, nails and skin appearance and health.

Greathouse says Michael Gerth of German American Bank introduced her to the 504 loan program. **"He said my loan amount, using SBA 504 funding, would allow for a smaller down payment. I was able to make an offer and purchase the perfect building."**

Gerth says, **"Columbus Massage Center is rapidly growing and was running very short on space. The SBA 504 loan's low down payment and fixed, 20-year interest rate enable her to purchase a larger building, hire additional staff, and grow her business."**



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Columbus Massage Center, LLC**  
Columbus, IN

In participation with  
**German American Bank**  
Columbus, IN



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**Quality Inn**  
Franklin, IN

In participation with  
**Fountainhead Commercial Capital**  
Orlando, FL



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Jigna Patel's Quality Inn at the intersection of I-65 and SR 44 is located in Franklin and capitalizes on its convenience to Indianapolis. Patel bought the Quality Inn this year and upgraded its 45 rooms, adding a reasonably-priced, spruced-up, family hotel to the metro south side hospitality mix.

Indiana Statewide CDC and Fountainhead Commercial Capital provided SBA 504 financing to help Patel purchase and redecorate the building.

The Quality Inn features an indoor pool, free breakfast, newspapers and WiFi, and a business center along with in-room coffee, fitness center and many other amenities for business and family travelers.

Patel's Quality Inn is usually booked solid for Franklin College's homecoming, graduation and senior weekends. And it's a good jumping-off point for the Indianapolis International Airport, Indianapolis Motor Speedway, the Zoo, Children's Museum and Indianapolis-area businesses. And, for nostalgia and relaxation, there's the historic Arcraft Theater in downtown Franklin on weekends.



## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

**CrossPoint Polymer Technologies, LLC**  
Evansville, IN

In participation with  
**First Financial Bank**  
Vincennes, IN



ISCDC managed by:  
**Cambridge Capital Management Corp.**

The 2008 recession got CrossPoint Polymer Technologies in Evansville off the ground. Two of its founders, Ben Schmidt and Todd Bitter, started CrossPoint Polymers after leaving another Evansville plastics compounder when it was sold to an equity group.

Schmidt says, **"We didn't want to change to a larger corporate culture, so we started our own business with the ability to keep it more as a family atmosphere and to focus on being profitable so that we can have the resources to positively impact our employees and our community."**

CrossPoint Polymers uses both recycled and prime feed stocks for compounding pellets that their customers then manufacture into precision molded parts. Customers include familiar names in auto, truck, medical and electronics manufacturing.

One of CrossPoint's first moves was to use SBA 504 financing from First Financial Bank and Indiana Statewide CDC. This year, Schmidt and Bitter again received SBA 504 financing; this time to purchase two industrial buildings and equipment for their growing company.

Schmidt says, **"Our first SBA 504 loan allowed us to get started. The SBA backing was critical to getting us off the ground. This project is now an extension of that earlier success."** Currently with 85 employees, CrossPoint plans to add 15 more in the coming months.

First Financials Craig Kirk says, **"The 504 loan is a good deal for them and a good deal for us. Crosspoint is not only expanding, but will also have a world class facility to support their high end customers."**

Check out our website at [www.cambridgecapitalmgmt.com](http://www.cambridgecapitalmgmt.com)

# Indiana Community Business Credit Corp.



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The start-up of Metric Environmental Services in 2016 actually had its roots in 2001.

That year, Bill Shrewsberry and four others formed Shrewsberry & Associates, an environmental engineering firm. All along, Shrewsberry nurtured a goal of building a profitable business that could be spun off and continue under second-generation ownership in Indianapolis' African-American community.

Part of that dream was realized last year. Kenneth Beache, an environmental engineer and one of Shrewsberry's five co-founders, established Metric Environmental Services by buying one of Shrewsberry's three services. Beache, a 25-year veteran of the environmental services industry, is Metric's president and chief environmental engineer. The other principal is Vince Epps, vice president and chief environmental scientist.

Beache and Epps worked with Lynx Capital Corporation and Indiana Community Business Credit Corporation. Beache says, **"Metric was struggling to find capital to manage the growth and operations. Lynx and ICBCC came together to refinance permanent and operating finances and to provide liquidity to weather the challenges of the business startup and operation."**

Lake City Bank provided a line of credit during the same time for day-to-day expenses. Ryan Hart of Lake City says, **"Our involvement depended upon the Credit Corp. and Lynx support for Metric."**

After the first 18 months, Metric has grown from 12 to 15 employees —including scientists, engineers and geologists — with offices in Indianapolis, Gary and Cincinnati.

## Indiana Community Business Credit Corporation

Provided Growth Capital

For:

**Metric Environmental Services**

In participation with

**Lake City Bank**

Indianapolis, IN



ICBCC managed by:

**Cambridge Capital**

**Management Corp.**

## Success Story: Crossroads Vintners



Crossroad Vintners started small and is growing bigger. That's the whole idea for a startup company that borrows from the Indiana Community Business Credit Corp. to help fund working capital and other aspects of its growth.

Crossroad distributes wine and spirits to restaurants and retailers throughout an ever-increasing portion of Indiana. Co-founder (with Bill Kennedy) Nolan Smith says, **"Our loan allowed us to increase inventory to support the growth we were experiencing. Since 2010, Crossroad has grown from a \$3.5 million company to a \$7 million company. The Credit Corp. was a key catalyst for our growth."**

Several changes in the company both triggered the doubling in sales and were caused by the sales increase, says Smith. The sales team, now eight people, is twice the size as a few years ago and they help drive the company's reach into more Indiana communities. And that creates a 40-percent increase in Crossroad's customer base. Crossroad added to its operations staff and left a warehouse with 10,500 square feet in favor of a 25,000 square-foot in northwest Indianapolis.

The Credit Corp pool of risk capital is funded by Indiana banks. The purpose is to provide a small company a "mezzanine" loan of alternative capital to compliment the conventional financing it is getting from banks. Crossroads Vintners' success is a good example of how the Credit Corp program works.

## Lynx Capital Corp.



### Lynx Capital Corp.

Provided Growth Capital

For:

**Fall Creek Flats**

**Indianapolis, IN**



Lynx Managed by:

**Cambridge Capital**

**Management Corp.**

Construction is planned to begin before the end of the year at the corner of 28th & Delaware on Indianapolis' near-north side on a two-building apartment complex known as Fall Creek Flats. Developers SHK Construction Management and Crossroads Development and Consulting plan 47 one-and-two bedroom units, about a fourth of which will meet the federal designation of affordable rentals.

Lead partners for the developers are Steve Scott of SHK and Kenneth Thorpe and Mark Young of Crossroads Development. Lynx Capital Corporation is providing a loan for property acquisition and architectural work while developers firm up their final financing package.

Fall Creek Flats is in one of Indy's mid-north neighborhoods, a mixture of Victorian-era and new homes, apartments, retail and educational facilities.

Young says, **"This is a really good location. This is a good area for apartments with a variety of rental plans."** Young added, **"The Lynx piece worked very well for us."**

Fall Creek Flats will have 27 one-bedroom units and 20 two-bedroom units. There will be no age restrictions and affordable apartments will be rented to households with incomes from \$22,000 to \$49,000 according to federal Housing and Urban Development requirements. Part of the project financing is coming from the City of Indianapolis with a grant from the federal HOME Investment Partnerships Program.

Check out our website at [www.cambridgecapitalmgmt.com](http://www.cambridgecapitalmgmt.com)

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## Community Investment Fund of Indiana

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### Community Investment Fund reaches the smallest businesses

Indiana banks are key players in a relatively-new fund available to give speedy assistance to Indiana's smallest companies.

The Community Investment Fund of Indiana (CIFI) provides loans and access to community development services to small businesses, low-income individuals, economic development groups and housing developers in low and moderate income areas of Indiana.

The loans generally range from \$5,000 to \$50,000. The loan rates — 10 to 14 percent — are slightly higher than commercial banks. And CIFI loans are processed quickly. "Small businesses don't need \$10,000 in nine weeks, they need it now," says CIFI Executive Director Phil Black.

CIFI is a private non-profit lender created with assistance from state government in 2011. It is funded by banks and other members of the Indiana business community. There is a two-pronged lure to encourage bank participation, says Jean Wojtowicz, Cambridge Capital president. "Because CIFI is designated a CDFI (Certified Development Financial Institution), by the U.S. Department of Treasury, bank's can get a CRA Credit for investing in this fund. Borrowing small companies will, hopefully, develop into bank customers."

As of early 2017, CIFI has loaned \$2.1 million and created or sustained over 100 jobs. Its microloan portfolio has an average of 2.3 jobs per business and it has provided technical assistance to over 75 customers.

A funding drive will begin soon to add to CIFI's reach and resources. Anyone seeking more information may contact Black at (317) 960-3710 or [philblack@capitalizingindiana.org](mailto:philblack@capitalizingindiana.org). CIFI's website is [www.capitalizingindiana.org](http://www.capitalizingindiana.org).

